



March 17, 2020

The Honorable Board of Commissioners  
Los Angeles County  
Development Authority  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

2-D March 31, 2020

A handwritten signature in black ink, appearing to read "Celia Zavala".

CELIA ZAVALA  
EXECUTIVE OFFICER

**APPROVE AMENDMENT AND ASSIGNMENT OF AN EXISTING LOAN AGREEMENT TO  
PRESERVE 38 AFFORDABLE SENIOR AND MULTI-FAMILY UNITS IN THE CITY OF AVALON  
(DISTRICT 4) (3 VOTE)**

**SUBJECT**

This letter recommends amending, restating, and assigning an existing loan agreement between the Los Angeles County Development Authority (LACDA) and Catalina Avalon Limited, LP to Catalina TSA Housing, LP, for the Cantamar Villas affordable housing development (Project).

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Acting Executive Director, or designee, to negotiate, execute, amend, and if necessary, terminate an amended and restated loan agreement (Loan Agreement) and all related documents, including but not limited to documents needed to subordinate the loan, between the LACDA and Catalina Avalon Limited, LP, to subordinate the Deed of Trust to the senior lenders, and to extend the affordability period following approval as to form by County Counsel.
2. Authorize the Acting Executive Director, or designee, to assign the Loan Agreement from Catalina Avalon Limited, LP to Catalina TSA Housing, LP, or its LACDA-approved designee, following approval as to form by County Counsel.
3. Find that the approval of the Loan Agreement is not subject to provisions of the California Environmental Quality Act (CEQA) for the reasons stated in this letter and the record of the Project.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended action is to amend and restate the loan agreement between the LACDA and Catalina Avalon Limited, LP, and to assign it from Catalina Avalon Limited, LP to Catalina TSA Housing, LP, or its LACDA-approved designee, in conjunction with a planned Multifamily Housing Revenue Bond issuance by the LACDA to refinance and renovate the Project in order to preserve the continued affordability of 38 units of senior and family housing for 55 years. The change in ownership is necessary for the project to qualify for bond refinancing and associated equity funds generated through 4 percent tax credits.

The Project is a 38-unit senior and family rental housing development located at 309 Beacon Street and 234 Bird Park Road in the City of Avalon. The Beacon Street building has 13 one-bedroom units and is restricted to low-income senior tenants, and the Bird Park Road building has 7 two-bedroom, 16 three-bedroom and 2 four-bedroom units and is an affordable family development. Under the existing loan agreement for the Project, the development restricts all 38 units to households whose incomes fall at or below 50% of the Area Median Income (AMI).

### **FISCAL IMPACT/FINANCING**

There is no impact on the County General Fund.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In 2002, the LACDA provided \$1,715,154 in HOME funds to Catalina Avalon Limited, LP for the acquisition and construction of the Project that was originally developed by Thomas Safran and Associates. The LACDA's HOME loan was part of a loan agreement dated June 28, 2002 between the LACDA and Catalina Avalon Limited, LP. In order to refinance and preserve the affordable housing in the Project, Catalina TSA Housing, LP will be formed as the new limited partnership to replace Catalina Avalon Limited, LP. Catalina TSA Housing LLC is an affiliate of the original project developer.

Catalina TSA Housing LLC, Administrative General Partner, and the non-profit Housing Corporation of America, Managing General Partner, are Co-General Partners of the Project and will oversee property management and finances. In order for Catalina TSA Housing, LP to take over from Catalina Avalon Limited, LP, the loan agreement must be amended, restated and assigned to Catalina TSA Housing, LP. The LACDA will require the amended and restated loan to include an additional 55 years of affordability from the date it is assigned to Catalina TSA Housing, LP. The current outstanding loan balance and interest accrued will be rolled into the amended and restated loan.

Subject to various underwriting requirements, the developers, Thomas Safran and Associates and Housing Corporation of America, may be required by the LACDA or other lenders to create a different single asset entity to designate ownership of the project. These "designees" will be LACDA-approved single asset entities created by the developers prior to execution of the loan agreement and all related loan documents.

### **ENVIRONMENTAL DOCUMENTATION**

Pursuant to 24 Code of Federal Regulation, Part 58, Section 58.35 (a) (3) (ii), this project is excluded from the National Environmental Policy Act (NEPA), because it involves activities that will not alter existing environmental conditions.

The Honorable Board of Commissioners

3/17/2020

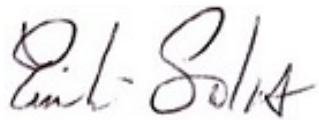
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Rehabilitation activities of the Project is categorically exempt from CEQA pursuant to Section 15301 of the CEQA Guidelines and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of these actions will extend the useful life of the Project and preserve the supply of senior and affordable family supportive housing in the County with long-term affordability.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Emilio Salas". The signature is fluid and cursive, with the first name "Emilio" and last name "Salas" clearly distinguishable.

Emilio Salas

Acting Executive Director

ES:LK:LN:MT:CH